

1 JOSEPH L. SCHATZ, ESQ. [SBN: 96079]
2 201 California Street, Suite 490
3 San Francisco, CA 94111
4 Telephone: 415-677-9151
5 Fax: 415-677-9439
6 attorneyschatz@sbcglobal.net

7 Attorney for Plaintiff

8
9 IN THE SUPERIOR COURT OF CALIFORNIA
10
11 IN AND FOR THE CITY AND COUNTY OF SAN FRANCISCO
12 [Unlimited Jurisdiction]

13 TERRY L. KLEID, individually and as TRUSTEE of)
14 the ROGER AND TERRY L. KLEID REVOCABLE)
15 TRUST dated 01/25/94,)
16)
17)
18)
19)
20)
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24)
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28)
Plaintiff,

v.

STEVEN BROWN also known as STEVEN)
ARTHUR BROWN also known as STEVEN A.)
BROWN also known as STEVE BROWN,)
individually and doing business as BETTER)
PROPERTY MANAGEMENT also known as BPM)
also known as BETTER PROPERTY)
MANAGEMENT AND REAL ESTATE SALES,)
BFRF LLC, a suspended California limited liability)
company and alter ego of STEVEN BROWN,)
SHIRLEY BROWN, an individual, EYAL KATZ,)
individually and doing business as BRICK AND)
MORTAR, KATZ GROUP, a California corporation)
doing business as BRICK AND MORTAR REAL)
ESTATE SERVICES and alter ego of EYAL KATZ,)
MISSION NATIONAL BANK, a national banking)
association, BRAVO & MARGULIES, a partnership,)
JOSEPH K. BRAVO, individually, doing business as)
BRAVO & MARGULIES and as a partner of)
BRAVO & MARGULIES partnership, JEFFREY E.)
MARGULIES, individually, doing business as a)
partner of BRAVO & MARGULIES partnership, as)
an employee or independent contractor of JOSEPH K.)
BRAVO and DOE 1 through DOE 100, inclusive,)
Defendants.

No. CGC-16-553953
**FIRST AMENDED
COMPLAINT FOR DAMAGES**
Amount demanded exceeds \$25,000

As to Defendants Steven Brown
individually and dba Better
Property Management, BFRF LLC
and DOE 1 through DOE 10 re
\$600,000 Note:
1. Reformation and Breach of
Contract
2. Negligent Misrepresentation
3. Fraud
4. Conversion
5. Breach of Fiduciary duty
6. Negligence

As to Defendants Steven Brown
individually, Shirley Brown
individually and DOE 11 through
DOE 20 re \$40,000 Note:
7. Breach of Contract (\$40,000
Note)
8. Negligent Misrepresentation
9. Fraud

As to Defendants Steven Brown
individually and dba Better
Property Management, Mission
National Bank and DOE 21 through
DOE 30 re \$170,000 embezzlement:
10. Breach of Contract
11. Breach of Fiduciary Duty
12. Negligence
13. Negligent Misrepresentation
14. Fraud
15. Conversion

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**As to Defendants Steven Brown individually and dba Better Property Management, Eyal Katz, individually and dba Brick and Mortar, Katz Group, a California Corporation dba Brick and Mortar Real Estate Services and DOE 31 through DOE 40 re Property Management:
16. Professional Negligence
17. Breach of Fiduciary Duty
18. Fraud
19. Conversion**

**As to Defendants Steven Brown individually and dba Better Property Management, Bravo & Margulies partnership, Joseph K. Bravo, Jeffrey E. Margulies and DOE 41 through DOE 50 re Legal Services:
20. Legal Malpractice
22. Breach of Fiduciary Duty
22. Fraud**

DEMAND FOR JURY TRIAL

INTRODUCTION

1. This is a mini-Madoff case. The Madoff at its center is defendant STEVEN BROWN, a shameless, heartless, criminal sociopath doing business in San Francisco as a manager of residential rental properties and condominium homeowner associations. For years, his modus operandi has been to gain the trust of vulnerable people and then betray their trust by embezzling from their property management and homeowner association trust accounts and defrauding individual lenders and investors. When caught, he relies on his victims' devastating financial losses, severe emotional distress, embarrassment and consequent inability or disinclination to seek legal redress, coupled with his feigned remorse and the argument that if he is jailed he will be unable to repay what he stole, to stave off legal action. In this lawsuit, plaintiff TERRY KLEID, from whom defendant STEVEN BROWN stole at least \$800,000, seeks legal redress against defendant BROWN and others who have negligently or intentionally assisted him.

1 **GENERAL ALLEGATIONS**

2 **Parties**

3 2. Plaintiff TERRY L. KLEID individually and as TRUSTEE of the ROGER AND
4 TERRY L. KLEID REVOCABLE TRUST dated 01/25/94, complains of defendants STEVEN
5 BROWN also known as STEVEN ARTHUR BROWN also known as STEVEN A. BROWN also
6 known as STEVE BROWN, individually and doing business as BETTER PROPERTY
7 MANAGEMENT also known as BETTER PROPERTY MANAGEMENT AND REAL ESTATE
8 SALES, BFRF LLC, a suspended California limited liability company and alter ego of STEVEN
9 BROWN and DOE 1 through DOE 10 (hereinafter collectively sometimes “the BROWN
10 defendants”), SHIRLEY BROWN, an individual, and DOE 11 through DOE 20, MISSION
11 NATIONAL BANK, a national banking association and DOE 21 through DOE 30 (hereinafter
12 collectively sometimes “the MISSION NATIONAL BANK defendants”), EYAL KATZ,
13 individually and doing business as BRICK & MORTAR, KATZ GROUP, a California corporation
14 doing business as BRICK AND MORTAR REAL ESTATE SERVICES and an alter ego of EYAL
15 KATZ, and DOE 31 through DOE 40 (hereinafter collectively sometimes “the KATZ defendants”),
16 BRAVO & MARGULIES, a partnership, JOSEPH K. BRAVO, individually and doing business as
17 BRAVO & MARGULIES and as a partner of BRAVO & MARGULIES partnership, JEFFREY E.
18 MARGULIES, individually and doing business as a partner of BRAVO & MARGULIES partnership
19 and an employee or independent contractor of JOSEPH K. BRAVO and DOE 41 through DOE 50
20 (hereinafter collectively sometimes “the BRAVO & MARGULIES defendants”), and DOE 51
21 through DOE 100, inclusive, as set forth below.

22 **DOE Defendants**

23 3. The true names and capacities of defendants sued herein as DOE 1 through DOE 100,
24 are unknown to plaintiff, who therefore sues these defendants by such fictitious names. Plaintiff will
25 seek leave to amend this complaint to allege such defendants' true names and capacities when
26 ascertained. Plaintiff KLEID is informed and believes and thereon alleges that each of the fictitiously
27 named defendants is legally responsible in some manner for the occurrences herein alleged, and that
28 plaintiff's damages as herein alleged were proximately caused by or consequently resulted from their

1 acts or omissions.

2 **Agency, Course and Scope**

3 4. At all times herein mentioned, each and every of the BROWN defendants and Doe
4 1 through Doe 10 and each of them was the agent, servant and employee, each of the other, and each
5 was acting within the course and scope of said agency, service and employment. At all times herein
6 mentioned, SHIRLEY BROWN and Doe 11 through Doe 20 and each of them was the agent,
7 servant and employee, each of the other, and each was acting within the course and scope of said
8 agency, service and employment. At all times herein mentioned, each and every of the MISSION
9 NATIONAL BANK defendants and DOE 21 through DOE 30, and each of them herein was the
10 agent, servant and employee, each of the other, and each was acting within the course and scope of
11 said agency, service and employment. At all times herein mentioned, each and every of the KATZ
12 defendants and DOE 31 through DOE 40, and each of them herein was the agent, servant and
13 employee, each of the other, and each was acting within the course and scope of said agency, service
14 and employment. At all times herein mentioned, each and every of the BRAVO & MARGULIES
15 defendants, and DOE 41 through DOE 50, and each of them herein was the agent, servant and
16 employee, each of the other, and each was acting within the course and scope of said agency, service
17 and employment.

18 **Jurisdiction and Venue**

19 5. Plaintiff TERRY L. KLEID, individually and as TRUSTEE of the ROGER AND
20 TERRY L. KLEID REVOCABLE TRUST dated 01/25/94 is now, and at all times mentioned in
21 this complaint was, the owner of certain residential rental property in the City and County of San
22 Francisco, California. Defendant STEVEN BROWN is now, and at all times mentioned in this
23 complaint was, a real estate broker licensed by the State of California doing business as BETTER
24 PROPERTY MANAGEMENT also known as BETTER PROPERTY MANAGEMENT AND REAL
25 ESTATE SALES managing residential rental property in the City and County of San Francisco,
26 California., and defendant BFRF LLC, is now, and at all times mentioned in this complaint was, a
27 California limited liability company suspended by the California Franchise Tax Board for failure to
28 meet tax requirements and an alter ego of STEVEN BROWN. Defendant SHIRLEY BROWN

1 is now, and at all times mentioned in this complaint was, a real estate agent licensed by the State of
2 California and married to defendant STEVEN BROWN. EYAL KATZ, is now, and at all times
3 mentioned in this complaint was: 1) an employee of defendant STEVEN BROWN individually and
4 doing business as BETTER PROPERTY MANAGEMENT; 2) an individual doing business as
5 BRICK AND MORTAR; or 3) the President of defendant KATZ GROUP, a California corporation
6 doing business as BRICK AND MORTAR REAL ESTATE SERVICES. Defendant MISSION
7 NATIONAL BANK is now, and at all times mentioned in this complaint was, headquartered and
8 doing business as a national banking association in the City and County of San Francisco, California.
9 Defendant JOSEPH K. BRAVO is now, and at all times mentioned in this complaint was, an
10 attorney licensed by the State of California and doing business as an attorney providing legal services
11 in the City and County of San Francisco, California. Defendant JEFFREY E. MARGULIES is an
12 attorney licensed by the State of California and was, at all times mentioned in this complaint, doing
13 business as an attorney providing legal services in the City and County of San Francisco, California.

14 **Alter Ego Defendants**

15 6. At all times herein mentioned, defendant BFRF, LLC was, and is now, the alter ego
16 of defendant STEVEN BROWN, and they shared, and share now, a complete unity of interest and
17 ownership in that defendant STEVEN BROWN completely controlled and operated defendant
18 BFRF, LLC, according to his needs, whim and caprice, and does so now, including but not
19 limited to commingling of money and assets, diversion of entity resources to personal use, failure
20 to comply with laws and regulations governing limited liability companies, inadequately capitalizing
21 defendant BFRF, LLC, and borrowing money by promising personal liability while seeking
22 to avoid personal liability by documenting the borrowing as a liability of the LLC, all to
23 such a degree that treating defendant Brown and defendant BFRF, LLC, as separate would in effect
24 defraud their creditors and affront justice.

25 7. At all times herein mentioned, defendant KATZ GROUP was, and is now, the alter
26 ego of defendant EYAL KATZ, and they shared, and share now a complete unity of interest and
27 ownership in that defendant EYAL KATZ completely controlled and operated defendant KATZ
28 GROUP, according to his needs, whim and caprice, and does so now, including but not

1 limited to commingling of money and assets, diversion of entity resources to personal use, failure
2 to comply with laws and regulations governing limited liability companies, inadequately capitalizing
3 defendant KATZ GROUP, all to such a degree that treating defendant EYAL KATZ and
4 defendant KATZ GROUP as separate would in effect defraud their creditors and affront justice.

5 **FACTUAL BACKGROUND**

6 **\$600,000 Note**

7 8. On or about 12/23/10, plaintiff TERRY KLEID'S husband, Roger Kleid, died
8 unexpectedly. At the time of Roger Kleid's death, he and plaintiff KLEID owned, as co-trustees
9 of the aforesaid trust, certain residential rental properties in San Francisco that were then, and had
10 been for many preceding years, managed by defendant STEVEN BROWN dba BETTER
11 PROPERTY MANAGEMENT. The management services performed by defendant STEVEN
12 BROWN dba BETTER PROPERTY MANAGEMENT fell within the services for which a real
13 estate broker's license is required by California Business and Professions Code Section 10131.
14 Plaintiff is informed and believes and on that basis alleges that defendant STEVEN BROWN has held
15 a California Real Estate Broker's License, No. 0048142, since on or about 05/26/82. Prior to Roger
16 Kleid's death he, Roger Kleid, not plaintiff KLEID, had dealt with defendant STEVEN BROWN.
17 After the death of Roger Kleid, defendants BROWN continued to manage the properties.

18 9. In or about April, 2014, defendant STEVEN BROWN asked plaintiff KLEID to
19 lend him \$600,000 and represented to her orally that the money would be used to purchase an as yet
20 un-designated property that defendant BROWN would remodel and sell, that plaintiff KLEID would
21 receive both 10 percent interest per annum and 10 percent of the profit, that the debt would be
22 memorialized in a note, that the note would be secured by a first trust deed on the property, and that
23 the note would be due on the earlier of one year or sale of the designated property.

24 10. Plaintiff KLEID believed and relied on the aforesaid representations of said
25 defendants, and each of them. Plaintiff KLEID'S reliance was reasonable because, among other
26 reasons, 1) she was unsophisticated in such matters; 2) she had an ongoing fiduciary business
27 relationship with defendant BROWN dba BETTER PROPERTY MANAGEMENT, as a licensed
28 real estate broker and her property manager, 3) defendant BROWN had previously obtained from

1 plaintiff KLEID and repaid a smaller loan; 4) she had no particular reason to disbelieve or not rely
2 on them; and 5) the long business relationship between plaintiff KLEID'S deceased husband and
3 defendant BROWN, together with defendant BROWN'S awareness that plaintiff Kleid was a widow
4 with a dependent child, made it inconceivable to plaintiff that defendant BROWN would be taking
5 advantage of her. But for the aforesaid representations of defendants, Plaintiff KLEID would not
6 have lent \$600,000 to defendants BROWN.

7 11. On or about 04/11/14, in reliance on defendant BROWN'S aforesaid
8 representations, Plaintiff KLEID wired \$600,000 from her bank account to defendant STEVEN
9 BROWN'S account at First Republic Bank (Exhibit 1).

10 12. Later in April 2014, after plaintiff had wired the money, defendant presented to
11 plaintiff KLEID a Memorandum of Understanding ("MOU") (Exhibit 2) and a Note (Exhibit 3).
12 Defendant Brown represented to plaintiff Kleid that the Note and MOU memorialized her agreement
13 to his earlier, oral representations. The MOU bears Brown's signature dated 3 April 2014,
14 purporting to memorialize the prior oral agreement but in fact modifying it by, among other changes,
15 reciting that 1) the borrower was not defendant BROWN but instead was BFRF, LLC, an alter ego
16 of defendant BROWN whose license is suspended for failure to pay fees to the Franchise Tax Board,
17 and that is headquartered at 44 Gough Street, Suite 202, in the City and County of San Francisco,
18 California, the same address as defendant STEVEN BROWN dba BETTER PROPERTY
19 MANAGEMENT, who is its agent for service of process; and 2) plaintiff KLEID would receive a
20 second trust deed, whereas defendant BROWN had represented orally that she would get a first trust
21 deed. On or about 30 April 2014, in reliance on defendant BROWN'S oral assurances, Plaintiff
22 KLEID signed both the Note and MOU. Plaintiff KLEID relied on defendant BROWN'S oral
23 representation regarding the Note and MOU for the same aforesaid reasons that she relied on his
24 aforesaid initial oral representations.

25 13. The MOU and Note are not only inconsistent with defendant BROWN'S oral
26 representations but are also inconsistent with each other and ambiguous in several respects, including
27 but not limited to: 1) the Note is made by defendant BFRF LLC but signed by defendant STEVEN
28 BROWN personally, not as a representative of the LLC; 2) the due date on the Note is "in one year

1 or upon sale of the designated property,” but the MOU states, “Note due on sale or refinance;” 3) the
2 MOU states that plaintiff KLEID shall receive “ten percent preferred return on the net profit” but net
3 profit is not defined and is different from defendant BROWN’S oral representation of 10% of the
4 “profit;” 4) the “designated property” is not designated; 5) a “joint venture” is purported to have
5 been “agreed upon in its various parts” but the terms and parts thereof are not specified; 6) the note
6 bears BROWN’S signature but does not indicate the date he signed. Nevertheless, there is clearly
7 an intention that the Note would be secured by a deed of trust, albeit a second place deed. Since
8 plaintiff KLEID was the lender, not the borrower, there was no need for her to sign the Note, but at
9 the Brown defendants’ urging, she signed the Note and the MOU on or about 30 April 2014.
10 BROWN’S oral assurances were intended to and did mislead plaintiff Kleid as to the meaning of the
11 Note and MOU and were intended to create a false “ratification” the wire transfer of 11 April 2014
12 to defendant BROWN’S account.

13 14. Defendants BROWN dba BETTER PROPERTY MANAGEMENT, BFRF LLC and
14 DOE 1 through Doe 10, and each of them, never recorded the deed of trust, never designated a
15 property, never (on information and belief) bought or remodeled and sold a property using the
16 \$600,000, or, if they did buy, remodel and sell, never accounted to plaintiff KLEID for profit, or paid
17 plaintiff her 10% share , never repaid the note, and never paid the interest or any part thereof, despite
18 plaintiff KLEID’S demand for payment.

19 15. Plaintiff KLEID first became aware that the \$600,000 might be in jeopardy on or
20 about 04/24/15 when defendant EYAL KATZ, a former employee of defendant STEVEN BROWN
21 dba BETTER PROPERTY MANAGEMENT, informed Plaintiff KLEID that between 1 January 2015
22 and 30 April 2015, defendant BROWN had embezzled approximately \$170,000 from her bank
23 accounts at defendant MISSION NATIONAL BANK that had been set up by defendant BROWN for
24 receiving rent and paying bills for plaintiff KLEID’S properties.

25 16. During phone conversations on or about 29 April 2015 and 5 May 2015 between
26 defendant STEVEN BROWN and Plaintiff KLEID, defendant BROWN admitted that he had stolen
27 the \$600,000 as well as all the money in her trust account, using the words, “I stole it,” and stating
28 that 1) he had used the entire \$600,000 to buy a property with other investors, had remodeled and

1 sold it and kept her \$600,000 plus her share of the profit and had since used her money to pay his
2 other creditors; and 2) between 1 January 2015 and 30 April 2015, he had embezzled approximately
3 \$170,000 from her accounts at defendant MISSION NATIONAL BANK.

4 17. The \$600,000 note provides, "If action be instituted on this note, I promise to pay such
5 sum as the Court may fix as Attorney's fees."

6 **\$40,000 Note**

7 18. Defendant KATZ'S revelation on 04/24/15 of defendant BROWN'S embezzlement
8 from the trust accounts caused plaintiff KLEID to question representations that defendant STEVEN
9 BROWN had made to her in or about 2013 about a different loan, a \$40,000 loan made in 2007 by
10 plaintiff's deceased husband to defendants STEVEN BROWN and his wife SHIRLEY BROWN. The
11 loan was memorialized with an unsecured note signed by defendants STEVEN BROWN and
12 SHIRLEY BROWN (Exhibit 4). Upon plaintiff KLEID'S's husband's death, the right to payment
13 under the note passed to plaintiff KLEID as TRUSTEE of the ROGER AND TERRY L. KLEID
14 REVOCABLE TRUST. Plaintiff KLEID found the \$40,000 note among her husband's papers after
15 his death. Plaintiff's bookkeeper found that defendants STEVEN BROWN and SHIRLEY BROWN
16 had stopped making payments after plaintiff's husband's death. When plaintiff's bookkeeper
17 inquired of defendant STEVEN BROWN as to the status of the note, defendant Brown stated that he
18 had overlooked it and resumed making payments. Thereafter, during a meeting at defendant
19 BROWN's office at 44 Gough Street, defendant BROWN informed plaintiff KLEID that while acting
20 as her property manager, he had done her a favor by making payments on her behalf for previously
21 unreported property management expenses, and briefly displayed to plaintiff a paper purportedly
22 showing expenses and payments that approximately offset the balance due on the note, and that
23 therefore they were square. Not realizing that she was being conned, plaintiff KLEID thanked
24 defendant Brown for looking out for her. Defendant BROWN stated that he considered plaintiff
25 "family" and would always take care of her.

26 19. Plaintiff KLEID believed and relied on the aforesaid representation of said defendants,
27 and each of them. Plaintiff KLEID's reliance was reasonable because, among other reasons, 1) she
28 was unsophisticated in such matters; 2) she had an ongoing fiduciary business relationship with

1 defendant BROWN dba BETTER PROPERTY MANAGEMENT, as a licensed real estate broker
2 and her property manager, 3) she had no particular reason to disbelieve or not rely on them; and 4)
3 the long business relationship between Plaintiff KLEID'S deceased husband and defendant BROWN,
4 together with defendant BROWN'S awareness that plaintiff KLEID was a widow with a dependent
5 child, made it inconceivable to plaintiff KLEID that defendant BROWN would be taking advantage
6 of her. But for the aforesaid representations of defendant BROWN, plaintiff KLEID would have
7 taken legal action against DEFENDANT BROWN to collect the note.

8 20. Plaintiff KLEID is informed and believes, and on that basis alleges, that defendant
9 BROWN'S representation that he had satisfied the \$40,000 note by offset was false in that
10 defendant STEVEN BROWN had not made such offsetting payments. No further payments were
11 made on the \$40,000 note.

12 21. The \$40,000 note provides, "If action be instituted on this note, I promise to pay such
13 sum as the Court may fix as Attorney's fees."

14 **\$170,000 Embezzlement from Trust Accounts at Mission National Bank**

15 22. At all times relevant hereto, defendants STEVEN BROWN dba BETTER
16 PROPERTY MANAGEMENT and Doe 21 through Doe 30 and each of them, as part of the property
17 management services for which a real estate brokers license was required, maintained accounts at
18 defendant MISSION NATIONAL BANK to deposit rent checks from tenants, pay property -related
19 expenses and disburse the remainder, less prudent reserves, to owners, including plaintiff KLEID.
20 Prior to or about August 2012, defendants STEVEN BROWN dba BETTER PROPERTY
21 MANAGEMENT and Doe 21 through Doe 30 and each of them maintained a single, pooled account
22 for such purposes for all property owners at defendant Mission National Bank, a foreign-owned bank
23 whose headquarters and only branch offices, three in number, were located in San Francisco. In or
24 about August 2012, defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT,
25 MISSION NATIONAL BANK and Doe 21 through Doe 30 and each of them set up two separate
26 accounts for plaintiff KLEID at defendant MISSION NATIONAL BANK'S branch office at 3060 -
27 16th Street in San Francisco. Defendant BROWN accompanied plaintiff KLEID to that branch office,
28 where she signed various documents to open the two accounts and was assured by defendant BROWN

1 and employees of defendant MISSION NATIONAL BANK that she would have signing authority
2 on the accounts and access to information about the accounts online, by phone and in person so that
3 she could both withdraw money and monitor activity in her accounts. In or about March 2013, the
4 same defendants, acting without plaintiff KLEID being present, set up two additional separate
5 accounts for plaintiff KLEID at the same branch and led plaintiff KLEID to believe that the second
6 two accounts would operate the same as the first two accounts. Contrary to said defendants'
7 understanding, the second two accounts were set up so that only defendant BROWN had signing
8 authority and access to information. Had plaintiff KLEID known that she lacked signing authority
9 and access to information regarding the two accounts set up in or about March 2013, plaintiff KLEID
10 would not have kept money in those two accounts.

11 23. Unbeknownst to the plaintiff KLEID, defendant MISSION NATIONAL BANK was
12 then operating under an Order from the United States Comptroller of the Currency to Cease and
13 Desist imprudent banking practices that imperiled its depositors, and had been sued in San Francisco
14 Superior Court by creditors of its former controlling shareholder for allegedly facilitating a fraudulent
15 conveyance of shares to evade a \$24,000,000 Delaware judgment for breach of fiduciary duty while
16 he was the controlling shareholder. Defendants STEVEN BROWN dba BETTER PROPERTY
17 MANAGEMENT, MISSION NATIONAL BANK and Doe 21 through Doe 30 and each of them,
18 knew or should have known of the aforesaid imprudent banking practices and Order and reputation
19 issues and should have disclosed them to plaintiff KLEID. Defendants STEVEN BROWN dba
20 BETTER PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe 21 through Doe
21 30 and each of them failed to so disclose. Had plaintiff KLEID known of the aforesaid imprudent
22 banking practices, Order, and reputation issues, plaintiff KLEID would not have kept money at
23 defendant MISSION NATIONAL BANK.

24 24. Defendants STEVEN BROWN individually and dba BETTER PROPERTY
25 MANAGEMENT, MISSION NATIONAL BANK and Doe 21 through Doe 30 and each of them,
26 failed to maintain reasonable safeguards against financial wrongdoing so as to prevent embezzlement
27 from the accounts.

28 25. Between 01/01/15 and 04/30/15, defendant STEVEN BROWN dba BETTER

1 PROPERTY MANAGEMENT and Doe 21 through Doe 30 and each of them withdrew without
2 authorization at least \$170,000 from plaintiff KLEID's accounts at defendant MISSION
3 NATIONAL BANK and have failed to repay all or any part thereof, despite demand. The
4 withdrawals were accomplished by artifices including but not limited to failure to set up plaintiff
5 KLEID'S signing authority and access to information as aforesaid, alteration of checks and other
6 means that prudent banking and property management practices would have detected and prevented.

7 26. Plaintiff KLEID is informed and believes, and on that basis alleges, that the aforesaid
8 unauthorized withdrawal of funds from her accounts was accomplished with the negligent or
9 intentional assistance of someone inside defendant MISSION NATIONAL BANK for whose acts and
10 omissions defendant MISSION NATIONAL BANK is responsible.

11 27. Plaintiff KLEID is informed and believes, and on that basis alleges, that defendant
12 BROWN conspired with vendors to generate bills for services related to plaintiff KLEID'S
13 properties that were not performed, and materials related to plaintiff KLEID'S properties that were
14 not received, or for services that were performed or materials that were received at lower cost than
15 billed, and that defendant BROWN paid the bills from plaintiff's accounts at MISSION NATIONAL
16 BANK knowing that the bills were false or inflated in exchange for consideration not yet known.

17 **Acts and Omissions of Eyal Katz**

18 28. Plaintiff KLEID is informed and believes, and on that basis alleges, that:

19 1) for several years prior to 12/31/14, defendants STEVEN BROWN dba BETTER
20 PROPERTY MANAGEMENT and Doe 21 through Doe 30 and each of them, had been embezzling
21 from and defrauding property owners, condominium homeowner associations ("HOAs"), investors
22 and others;

23 2) during this time, defendant EYAL KATZ individually was employed by defendants
24 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT and Doe 21 through Doe 30 and
25 each of them in a capacity, including but not limited to management, and under circumstances,
26 including but not limited to shared use of an approximately eight hundred square foot office suite
27 with approximately four employees, such that defendant KATZ became aware, prior to 12/31/15:

28 a) of at least some of the aforesaid fraud, embezzlement and mismanagement that defendants

1 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT and Doe 21 through Doe 30 and
2 each of them were committing and the resulting shortage of trust account funds; and

3 b) that a California Bureau of Real Estate audit that was then underway or anticipated would
4 likely uncover the aforesaid fraud, embezzlement and shortage of trust account funds and result in
5 a shut down of Better Property Management;

6 3) prompted by defendant BROWN'S fear of the ongoing or impending audit by the California
7 Bureau of Real Estate, and defendant KATZ'S hope to profit from it by acquiring at least part of
8 BPM's business cheaply, defendants STEVEN BROWN individually and dba BETTER PROPERTY
9 MANAGEMENT, and EYAL KATZ, individually, conspired to conceal the aforesaid fraud,
10 embezzlement and shortage of trust account funds and salvage at least part of the value that would
11 be lost if the Bureau or Real Estate shut down the business;

12 4) pursuant to the conspiracy, defendant KATZ obtained on 11/21/14 a California real estate
13 broker's license (a requirement for California property managers performing the management
14 function that defendant BROWN purported to perform) and formed on 12/11/14 a California
15 corporation, defendant KATZ GROUP, and defendant STEVEN BROWN dba BETTER PROPERTY
16 MANAGEMENT purported to transfer to defendant EYAL KATZ, and defendant EYAL KATZ
17 purported to receive from defendant STEVEN BROWN dba BETTER PROPERTY
18 MANAGEMENT, effective 01/01/15, the right to manage, for compensation by the owners, certain
19 properties then under management by STEVEN BROWN dba BETTER PROPERTY
20 MANAGEMENT;

21 5) the purported transfer was a sham transaction in that:

22 a) the right to manage the properties was not transferable without the fully informed consent
23 of the property owners, who were not even informed of the purported transfer, let alone of the fraud
24 and embezzlement or the BRE audit;

25 b) the purchase price and other essential terms were not agreed to; and

26 c) defendant BROWN and defendant KATZ remained in the BPM offices at 44 Gough Street,
27 sitting at their usual desks, with no announcement to clients and no outward sign of change.

28 29. In or about December of 2014, plaintiff KLEID, unaware of the aforesaid ongoing

1 fraud and embezzlement, the ongoing or impending BRE audit or the sham transfer, visited the
2 offices of defendant STEVEN BROWN dba BETTER PROPERTY MANAGEMENT at 44 Gough
3 Street in San Francisco to thank defendant BROWN for what she innocently and incorrectly believed
4 was his good work and to deliver Christmas gift checks, as was her annual custom, totaling thousands
5 of dollars to defendant BROWN'S employees. While at the office, plaintiff KLEID mentioned to
6 defendants STEVEN BROWN and EYAL KATZ that she had noticed that one of the employees,
7 Michael Crisp, for whom she delivered a Christmas bonus check of \$5,000, was elderly and in ill
8 health, and offered to give him an additional gift of \$10,000 to ease his retirement if he chose to
9 retire. In an effort to further ingratiate themselves with and deceive plaintiff KLEID, so as to
10 facilitate their ongoing fraud and defendant BROWN'S embezzlement, defendants STEVEN
11 BROWN and EYAL KATZ assured plaintiff KLEID that a retirement gift to Mr. Crisp was
12 unnecessary in that they had already provided for Mr. Crisp (whose life savings defendant BROWN
13 would soon steal), and announced that defendant BROWN himself was in the process of retiring,
14 that defendant KATZ would become his partner effective 01/01/15 and run the residential rental
15 property management side of defendant BROWN'S business. Defendants STEVEN BROWN and
16 EYAL KATZ further assured plaintiff KLEID that defendant KATZ had been deeply involved in
17 running BETTER PROPERTY MANAGEMENT for many years and was highly qualified to operate
18 the residential property management side of the business. Defendants STEVEN BROWN
19 individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and doing
20 business as BRICK AND MORTAR, KATZ GROUP, a California corporation doing business as
21 BRICK AND MORTAR REAL ESTATE SERVICES, and Doe 21 through Doe 30 and each of them
22 failed to disclose to plaintiff KLEID the aforesaid ongoing fraud and embezzlement, the ongoing or
23 expected BRE audit or the sham transfer and defendant BROWN'S incompetent and fraudulent
24 management, nor did they seek or obtain plaintiff KLEID's consent to the transfer. Defendant
25 KATZ was not competent to operate the residential property management side of the business.

26 30. Had defendants STEVEN BROWN individually and dba BETTER PROPERTY
27 MANAGEMENT, and EYAL KATZ, individually and Doe 21 through Doe 30 and each of them not
28 concealed the ongoing fraud and embezzlement, the BRE audit, the sham transfer, defendant

1 BROWN'S incompetent and fraudulent management and defendant KATZ'S incompetence as
2 aforesaid, plaintiff KLEID would have discontinued her patronage of said defendants as property
3 managers and avoided the losses incurred thereafter as herein set forth.

4 31. Plaintiff KLEID is informed and believes, and on that basis alleges, that starting on
5 01/01/15, defendants STEVEN BROWN individually and dba BETTER PROPERTY
6 MANAGEMENT, EYAL KATZ, individually and doing business as BRICK AND MORTAR, and
7 Doe 21 through Doe 30 and each of them, operated out of 44 Gough Street, Suite 202, San Francisco,
8 defendant STEVEN BROWN doing business as BETTER PROPERTY MANAGEMENT, managing
9 condominium homeowner associations, and EYAL KATZ doing business as BRICK AND
10 MORTAR, managing residential rental properties formerly managed by STEVEN BROWN doing
11 business as BETTER PROPERTY MANAGEMENT.

12 32. Plaintiff KLEID is informed and believes, and on that basis alleges, that:

13 a) the conspiracy of defendants STEVEN BROWN individually and dba BETTER
14 PROPERTY MANAGEMENT, EYAL KATZ, individually and doing business as BRICK AND
15 MORTAR, KATZ GROUP, a California corporation doing business as BRICK AND MORTAR
16 REAL ESTATE SERVICES, and Doe 21 through Doe 30 and each of them called for defendant
17 KATZ to create one or more new trust accounts starting with a zero balance at Bank of America (not
18 defendant MISSION NATIONAL BANK) for each of the residential rental property owners, while
19 defendant BROWN would continue to embezzle money from said owners' old trust accounts at
20 defendant MISSION NATIONAL BANK, so as to plump up the depleted HOA trust accounts
21 enough to survive an audit and then sufficiently replenish the old residential rental property owners'
22 trust accounts to survive an audit or those accounts;

23 b) defendant KATZ intended to emerge from the plan as the owner of at least the residential
24 rental property management business; and

25 c) neither defendant BROWN nor defendant KATZ intended to make whole the losses
26 sustained by the HOAs or the residential rental property owners.

27 33. Pursuant to the aforesaid conspiracy, defendant KATZ accompanied plaintiff KLEID
28 to a Bank of America branch office where they opened new trust accounts for each property owned

1 by plaintiff KLEID and managed by the KATZ defendants starting with a zero balance. Plaintiff
2 KLEID signed various documents to open the new accounts and was assured by defendant KATZ that
3 she would have signing authority on the accounts and access to information about the accounts online,
4 by phone and in person so that she could both withdraw money and monitor activity in her accounts.
5 Defendant KATZ further assured plaintiff KLEID that her name would remain on the account so that
6 she see could write checks and obtain information about the accounts.

7 34. At some time after 03/10/15, defendants EYAL KATZ, individually and doing
8 business as BRICK AND MORTAR and Doe 31 through Doe 40 and each of them purported to
9 transfer to defendant KATZ GROUP, a California corporation doing business as BRICK AND
10 MORTAR REAL ESTATE SERVICES and Doe 31 through Doe 40 and each of them, the property
11 management accounts, including plaintiff KLEID'S accounts, purportedly transferred previously
12 from the BROWN defendants to defendant EYAL KATZ by sham transaction. Defendants STEVEN
13 BROWN individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually
14 and doing business as BRICK AND MORTAR, KATZ GROUP, a California corporation doing
15 business as BRICK AND MORTAR REAL ESTATE SERVICES, and Doe 31 through Doe 40 and
16 each of them failed to obtain the consent of or even inform the property owners, including plaintiff
17 KLEID, of the purported transfer to defendant KATZ GROUP.

18 35. Like two scorpions in a bottle, defendants BROWN and KATZ soon became locked
19 in combat over money, with each side claiming ownership of the "transferred" property management
20 accounts. Plaintiff KLEID is informed and believes, and on that basis alleges, that in or about April
21 2015, defendant KATZ learned that defendant BROWN'S embezzlement was about to become
22 publicly known and decided to reveal it himself to gain leverage in their dispute and to further
23 ingratiate himself with plaintiff Kleid, whose account was the biggest in the portfolio of accounts he
24 purportedly had obtained from defendant BROWN dba BETTER PROPERTY MANAGEMENT.

25 36. On or about 04/24/15, defendant KATZ informed plaintiff KLEID that he had just
26 learned that defendant BROWN had embezzled money from her accounts at defendant MISSION
27 NATIONAL BANK and that "everything" that had been in her trust accounts at defendant
28 MISSION NATIONAL BANK after 01/01/15 was missing. This amount was approximately

1 \$170,000.

2 37. Plaintiff KLEID is informed and believes, and on that basis alleges, that defendant
3 KATZ' assertion on 04/24/15 that he had "just learned" of defendant BROWN'S embezzlement
4 was: a) false and misleading in that defendant KATZ had known since late 2014 or earlier that
5 defendant Brown had been embezzling from the trust accounts of property owners, including those
6 of plaintiff KLEID; and b) motivated not by good faith or fiduciary duty but by fear that the house of
7 cards was about to collapse and by desire to distance himself from defendant BROWN so as to
8 preserve the trust of, and his purported contract with, plaintiff KLEID.

9 38. On or about 05/06/15, plaintiff KLEID, believing that defendant KATZ had, as he had
10 represented on 04/24/15, "just learned" of defendant BROWN'S embezzlement, and still being
11 unaware of defendant KATZ'S duplicity, signed a property management agreement with defendant
12 BRICK AND MORTAR REAL ESTATE SERVICES.

13 39. Had defendants EYAL KATZ individually, KATZ GROUP doing business as
14 individually and Doe 21 through Doe 30 and each of them not concealed, on 04/24/15, their earlier
15 awareness of the ongoing fraud and embezzlement, the anticipated BRE audit, the sham sale and
16 defendant KATZ'S incompetence as aforesaid, plaintiff KLEID would have discontinued her
17 patronage of said defendants as property managers and avoided the losses incurred thereafter as herein
18 set forth. Because said defendants procured the agreement by false pretenses, it is unenforceable.

19 40. On 06/11/15, defendant KATZ filed a verified complaint against defendant BROWN
20 in San Francisco Superior Court alleging that defendant BROWN was trying to steal back the
21 accounts that defendant KATZ now claimed he had bought, and admitting that he, KATZ, had failed
22 to disclose to the property owners, until shortly before 06/03/15, that defendant BROWN had
23 embezzled their accounts or that the purported transfer had even occurred (Katz Group v Brown, No.
24 CGC-14-5463050). Attached to the complaint, which is verified, is a letter dated 06/03/15 sent by
25 defendant KATZ' attorney on his letterhead "for and with Brick and Mortar Real Estate Services" and
26 defendant EYAL KATZ to the property owners whose property management accounts defendants
27 BROWN and KATZ purported to have "transferred" effective 01/01/16. (Exhibit 5 hereto). The
28 letter states:

1 “It seems that many of you were caught unaware of the transition from Stephen
2 Brown’s Better Property Management to Brick and Mortar Real Estate Services,
3 Inc.; some have even characterized the recent letter which enclosed a new Property
4 management Agreement from Brick and Mortar as ‘presumptuous.’ For reasons
5 Mr. Brown desired to remain confidential, the property management accounts of
6 Better Property management were sold to Brick and Mortar in December of 2014.
7 It now appears necessary to advise you of the circumstances of that transfer. ... Over
8 the past several years, Mr. Brown admitted to Mr. Katz, Mr. Brown had been
9 embezzling client trust money from the BPM accounts. He’d taken money from
10 HomeOwner Association accounts as well; and money from investors. Mr. Brown
11 admitted that he’d taken nearly one million dollars from his clients. ...
12 approximately \$300,000 had been taken from the BPM property management trust
13 accounts.”

14
15 In other words, defendant KATZ admitted, with the assistance of counsel and under penalty of
16 perjury, that 1) he knew about the embezzlement and other theft by defendant BROWN long before
17 he disclosed it to the property owners, including plaintiff KLEID, whose accounts he purports to have
18 acquired effective 01/01/15; and 2) he did not disclose the embezzlement and fraud to them until
19 06/03/15, after he had sent them a new property management agreement to sign (“the recent letter
20 which enclosed a new Property management Agreement from Brick and Mortar”).

21 41. Among the duties of defendants BROWN and defendants KATZ as property managers
22 was the duty to 1) promptly and professionally investigate and respond to a) such complaints as might
23 be made by tenants or governmental agencies, including but not limited to the San Francisco
24 Department of Building Inspection, or b) failure to pay rent by tenants; 2) monitor and report to
25 owners the status of such matters, including but not limited to settlement offers; and 3) seek and
26 obtain authorization from owners before taking certain actions in the handling of such matters,
27 including but not limited to the initial and continued retention of legal counsel and the filing,
28 prosecution, defense and settlement of actions in court and petitions before the San Francisco Rent

1 Board (collectively “problem resolution duties”).

2 42. Defendants BROWN and KATZ failed to properly perform their aforesaid problem
3 resolution duties in at least two matters, one in San Francisco Superior Court (the Richards case) and
4 one before the Rent Board (the Sookia case) in that in both matters said defendants failed to: 1)
5 promptly and professionally investigate and respond to the respective tenant’s complaints or failure
6 to pay rent; 2) monitor and report to plaintiff KLEID the status of the matters including but not
7 limited to settlement offers; and 3) seek and obtain authorization from plaintiff KLEID before taking
8 certain actions in the handling of such disputes, including but not limited to the initial and continued
9 retention and payment of legal counsel and the filing, prosecution, defense and failure to settle the
10 action in court and the petition before the San Francisco Rent Board.

11 43. The failure of defendants BROWN and KATZ to properly perform their aforesaid
12 problem resolution duties proximately caused plaintiff KLEID to incur losses in excess of the
13 minimum jurisdictional limit of this court, according to proof at trial.

14 44. In addition to the losses caused by the failure of defendants STEVEN BROWN
15 individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and
16 doing business as BRICK AND MORTAR, KATZ GROUP, a California corporation doing business
17 as BRICK AND MORTAR REAL ESTATE SERVICES and Doe 21 through Doe 30 and each of
18 them to properly perform their duties in the Richards and Sookia matters, said defendants’
19 mismanagement in other matters proximately caused plaintiff KLEID to incur additional losses in
20 excess of the minimum jurisdictional limit of this court, according to proof at trial.

21 45. In or about July 2015, plaintiff KLEID learned that defendant KATZ had removed her
22 name from the trust accounts at Bank of America, thereby terminating her ability to write checks, and
23 had made it difficult or impossible to get information about the accounts. Despite repeated requests
24 from Plaintiff KLEID to restore those powers, defendant KATZ failed to do so.

25 46. In or about August 2015, plaintiff KLEID hired a new property manager and requested
26 that defendant KATZ return the money remaining in the Bank of America trust accounts. Defendant
27 KATZ refused. Instead of relinquishing the remaining money in plaintiff’s trust accounts to the new
28 property manager or to plaintiff KLEID, defendants EYAL KATZ, individually and dba BRICK &

1 MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and DOE 31
2 through DOE 40 and each of them wrongfully retained approximately \$21,000.

3 **Acts and Omissions of Bravo and Margulies**

4 47. Acting as Plaintiff KLEID'S agent, defendant BROWN initially retained, and
5 defendant KATZ continued to retain, defendants BRAVO & MARGULIES, a law firm, JOSEPH
6 BRAVO and JEFFREY MARGULIES and DOE 41 through DOE 50, and each of them, to represent
7 the interests of plaintiff KLEID in the Richards and Sookia matters. Defendants BRAVO &
8 MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES and DOE 31 through DOE 40, and
9 each of them, owed a duty of care to plaintiff KLEID as the de facto client and as the intended
10 beneficiary of the legal services and the person exposed to clearly foreseeable harm in the event of
11 legal malpractice or malfeasance. Defendants BRAVO & MARGULIES, JOSEPH BRAVO and
12 JEFFREY MARGULIES and DOE 31 through DOE 40, and each of them, continued to represent the
13 interests of plaintiff KLEID in the Richards matter until 08/27/15 or later, and continued to represent
14 the interests of plaintiff KLEID in the Sookia matter until 09/10/15 or later.

15 48. Defendants BRAVO & MARGULIES, JOSEPH BRAVO and JEFFREY
16 MARGULIES and DOE 31 through DOE 40, and each of them hold themselves out to the public and
17 the profession as specialists in the area of landlord-tenant law and therefore must exercise the skill,
18 prudence and diligence exercised by other specialists of ordinary skill and capacity specializing in the
19 same field, not merely the skill, prudence and diligence of the general practitioner.

20 49. After representation by defendant BRAVO & MARGULIES ceased, plaintiff KLEID
21 discovered that defendants BRAVO and MARGULIES failed to properly perform their duties in the
22 Richards case in Superior Court and the Sookia case before the Rent Board in that said defendants
23 failed to prudently, diligently and expeditiously prosecute or settle the Richards case and failed to
24 prudently, diligently and expeditiously defend or settle the Sookia case, but instead allowed both
25 cases to languish unresolved. The delay and mismanagement resulted in lost rent in both matters,
26 a snowballing of habitability issues in the Sookia matter that required extensive and expensive
27 remediation, increased settlement cost and additional attorney's fees for new counsel in both cases,
28 all in an amount in excess of the minimum jurisdiction of this court.

1 50. Plaintiff KLEID is informed and believes, and on that basis alleges, that 1) while
2 defendants BRAVO & MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES were
3 representing plaintiff KLEID in the Richards and Sookia cases, said defendants knew or should have
4 known that defendant BROWN was in breach of his fiduciary duties to plaintiff KLEID and that the
5 purported transfer of plaintiff KLEID'S account from defendant BROWN to defendant KATZ was
6 a sham; and 2) defendants BRAVO & MARGULIES, JOSEPH BRAVO and JEFFREY
7 MARGULIES should have informed plaintiff KLEID and taken other actions to shield her from
8 defendants BROWN and KATZ, but failed to do so. The failure of defendants BRAVO &
9 MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES and DOE 31 through DOE 40, and
10 each of them, to alert plaintiff KLEID to, and protect her from, the depredations of the BROWN
11 defendants resulted in losses from the BROWN defendants' embezzlement and mismanagement in
12 an amount in excess of the minimum jurisdiction of this court.

13 51. Plaintiff KLEID, through counsel, requested from defendants BRAVO &
14 MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES: 1) copies of all bills sent by them
15 to plaintiff KLEID, her late husband Roger Kleid, their property managers defendants STEVEN
16 BROWN dba BETTER PROPERTY MANAGEMENT, EYAL KATZ individually and dba BRICK
17 & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES or others
18 for services performed by defendants BRAVO & MARGULIES, JOSEPH BRAVO and JEFFREY
19 MARGULIES, related to the Richards and Sookia matters; and 2) the amounts and dates of payments
20 that said defendants received from plaintiff KLEID, her late husband Roger Kleid, or their property
21 managers, defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, EYAL
22 KATZ dba BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE
23 SERVICES for services performed and costs incurred by defendants BRAVO & MARGULIES,
24 JOSEPH BRAVO and JEFFREY MARGULIES, related to the Richards and Sookia matters.
25 Defendants BRAVO & MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES failed to
26 provide the documents and information requested, or any documents or information.

27 52. Plaintiff KLEID is informed and believes, and on that basis alleges, that despite
28 having allowed the Richards and Sookia cases to languish as aforesaid, defendants BRAVO &

1 MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES and DOE 31 through DOE 40, and
2 each of them, sent bills to defendant BROWN for work that was not performed or that was performed
3 in less time than billed, and that defendant BROWN paid the bills knowing that they were inflated
4 in exchange for consideration not yet known.

5 **FIRST CAUSE OF ACTION**

6 **By Plaintiff Kleid individually for Reformation and Breach of Contract re \$600,000 Note**
7 **against defendants STEVEN BROWN individually and dba Better Property Management,**
8 **BFRF LLC and Doe 1 through Doe 10 and each of them**

9 53. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
10 them herein by reference as though set forth in full.

11 54. Defendant BROWN'S oral representation together with Plaintiff KLEID'S wiring of
12 the money constitute a contract.

13 55. Plaintiff KLEID performed all acts required of her under the contract.

14 56. Defendants STEVEN BROWN individually and dba BETTER PROPERTY
15 MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each of them, thus fraudulently
16 misrepresented the meaning of the Note and MOU and breached their contractual obligations to
17 plaintiff KLEID, entitling plaintiff KLEID to 1) reformation of their agreement to conform to
18 DEFENDANT BROWN'S aforesaid initial oral representations, and 2) damages for breach thereof.

19 57. As a direct result of the aforesaid breach of contractual obligations by defendants
20 STEVEN BROWN dba Better Property management, BFRF LLC and Doe 1 through Doe 10 and
21 each of them, Plaintiff Terry Kleid suffered consequential damages of at least \$600,000 plus interest
22 at 10 per cent per annum from and after 04/11/14, lost profit equal to 10% of actual profit, if any, and
23 attorney's fees, according to proof at trial.

24 58. Wherefore, plaintiff TERRY KLEID seeks reformation of the contract and damages
25 for breach of the reformed contract as hereinafter set forth.

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1 SECOND CAUSE OF ACTION

2 **By Plaintiff Kleid individually for Negligent Misrepresentation re \$600,000 Note**
3 **against defendants STEVEN BROWN individually and dba Better Property Management,**
4 **BFRF LLC and Doe 1 through Doe 10 and each of them**

5 59. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
6 them herein by reference as though set forth in full.

7 60. Plaintiff KLEID is informed and believes, and on that basis alleges, that in or about
8 April, 2014, when defendants STEVEN BROWN individually and dba BETTER PROPERTY
9 MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each of them, made the aforesaid
10 representations to Plaintiff KLEID regarding the \$600,000 loan, said defendants were undergoing,
11 or were aware that they would soon be undergoing, an audit by the California Bureau of Real Estate,
12 that the audit would reveal that hundreds of thousands of dollars were missing from the bank
13 accounts held in trust by said defendants for the owners of properties managed by said defendants,
14 and that the shortfall was the result of embezzlement by said defendants.

15 61. Plaintiff KLEID is informed and believes, and on that basis alleges, that in or about
16 April, 2014, when defendants STEVEN BROWN individually and dba BETTER PROPERTY
17 MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each of them, made the aforesaid
18 representations to Plaintiff KLEID regarding the \$600,000 loan, said defendants had fraudulently
19 obtained, or were in the process of fraudulently obtaining, hundreds of thousands of dollars by making
20 similar, false representations to others property owners and investors whose trust said defendants
21 had betrayed or would soon betray, including but not limited to 1) Karen Nancy Daly Stanway, as is
22 alleged in her complaint against defendant BROWN filed on 05/23/16 in Stanway v. Steven Brown,
23 et al., San Francisco Superior Court Case No. CGC-16-552180; 2) the fifty or more property owners
24 identified by defendant KATZ on Exhibit A to his complaint against defendant BROWN filed on
25 06/11/15 in Katz Group v. Steven Brown, et al., San Francisco Superior Court Case No. CGC-15-
26 546305; and 3) defendant BROWN'S former employee Michael Crisp.

27 62. The aforesaid representations of defendants STEVEN BROWN individually and dba
28 BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each of them,

1 regarding the \$600,000 loan were false and were made to induce plaintiff KLEID to rely thereon.

2 63. The aforesaid representations of defendants STEVEN BROWN individually and dba
3 BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each of them,
4 regarding the \$600,000 loan were made without a reasonable belief in their truth because at the
5 time they were made the BROWN defendants were in such precarious financial condition, and were
6 so deeply involved in thievery, that they could not reasonably have believed they would be able to
7 or inclined to repay Plaintiff Kleid.

8 64. Plaintiff TERRY KLEID relied to her detriment on the representations of said
9 defendants and each of them with respect to the \$600,000 loan in that but for said representations, she
10 would not have lent \$600,000 to the Brown defendants and as aforesaid.

11 65. As a proximate result of the aforesaid negligent misrepresentations of defendants
12 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through
13 Doe 10 and each of them, with respect to the \$600,000 loan, Plaintiff KLEID suffered damages of at
14 least \$600,000 plus interest, lost profits and attorney's fees, according to proof at trial.

15 66. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

16 **THIRD CAUSE OF ACTION**

17 **By Plaintiff Kleid individually for Fraud re \$600,000 Note**
18 **against defendants Steven Brown individually and dba Better Property Management,**
19 **BFRF LLC and Doe 1 through Doe 10 and each of them**

20 67. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
21 them herein by reference as though set forth in full.

22 68. The aforesaid representations of defendants STEVEN BROWN dba BETTER
23 PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each of them, were made
24 to induce Plaintiff KLEID'S reliance but were false in that they were made without any intention to
25 perform.

26 69. As a proximate result of the aforesaid intentional misrepresentations of defendants
27 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through
28 Doe 10 and each of them, with respect to the \$600,000 loan, Plaintiff Kleid suffered damages of at

1 least \$600,000 plus interest, lost profits, emotional distress and expenses resulting from the fraud,
2 according to proof at trial.

3 70. In the acts and omissions herein alleged, defendants STEVEN BROWN, individually
4 and dba BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each
5 of them, acted with oppression, fraud and malice, and plaintiff KLEID is entitled to punitive and
6 exemplary damages according to proof at trial.

7 71. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

8 **FOURTH CAUSE OF ACTION**

9 **By Plaintiff Kleid individually for Conversion re \$600,000 Note**
10 **against defendants Steven Brown individually and dba Better Property Management,**
11 **BFRF LLC and Doe 1 through Doe 10 and each of them**

12 72. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
13 them herein by reference as though set forth in full.

14 73. The aforesaid retention of Plaintiff Kleid's \$600,000, interest and profit share by
15 defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe
16 1 through Doe 10 and each of them, constitutes conversion.

17 74. As a proximate result of the aforesaid conversion,, Plaintiff Kleid suffered damages
18 of at least \$600,000 plus interest, lost profits, emotional distress and expenses resulting from the
19 conversion, according to proof at trial.

20 75. In the acts and omissions herein alleged, defendants STEVEN BROWN, individually
21 and dba BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each
22 of them, acted with oppression, fraud and malice, and Plaintiff KLEID is entitled to punitive damages
23 according to proof at trial.

24 76. Wherefore, plaintiff TERRY KLEID seeks damages for conversion as hereinafter set
25 forth.

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1 **FIFTH CAUSE OF ACTION**

2 **By Plaintiff Kleid individually for Breach of Fiduciary Duty re \$600,000 Note**
3 **against defendants STEVEN BROWN individually and dba Better Property Management,**
4 **BFRF LLC and Doe 1 through Doe 10 and each of them**

5 77. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
6 them herein by reference as though set forth in full.

7 78. As a real estate Broker licensed by the State of California to manage Plaintiff
8 KLEID'S real property, defendants STEVEN BROWN dba BETTER PROPERTY
9 MANAGEMENT, his alter ego BFRF LLC and Doe 1 through Doe 10 and each of them, cultivated
10 the trust of, and owed a fiduciary duty of utmost care, good faith and loyalty to Plaintiff KLEID.

11 79. The \$600,000 loan that defendants STEVEN BROWN dba BETTER PROPERTY
12 MANAGEMENT, his alter ego BFRF LLC and Doe 1 through Doe 10 and each of them, obtained
13 from Plaintiff KLEID abused the trust that Plaintiff KLEID had reposed in said defendants and
14 breached their fiduciary duty to her.

15 80. As a proximate result of the aforesaid breach of fiduciary duty, Plaintiff KLEID
16 suffered damages of at least \$600,000 plus interest, lost profits, emotional distress and expenses,
17 according to proof at trial.

18 81. In the acts and omissions herein alleged, defendants STEVEN BROWN, individually
19 and dba BETTER PROPERTY MANAGEMENT, BFRF LLC and Doe 1 through Doe 10 and each
20 of them, acted with oppression, fraud and malice, and Plaintiff KLEID is entitled to punitive damages
21 according to proof at trial.

22 82. Wherefore, plaintiff TERRY KLEID seeks damages for breach of fiduciary duty as
23 hereinafter set forth.

24 **SIXTH CAUSE OF ACTION**

25 **By Plaintiff Kleid individually for Negligence re \$600,000 Note**
26 **against defendants STEVEN BROWN individually and dba Better Property Management,**
27 **BFRF LLC and Doe 1 through Doe 10 and each of them**

28 83. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
them herein by reference as though set forth in full.

1 84. Defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, his alter
2 ego BFRF LLC and Doe 1 through Doe 10 and each of them, owed Plaintiff KLEID a duty of
3 reasonable care with respect to the \$600,000 loan.

4 85. Defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, his alter
5 ego BFRF LLC and Doe 1 through Doe 10 and each of them, were negligent with respect to the
6 \$600,000 loan.

7 86. As a proximate result of the aforesaid negligence of defendants STEVEN BROWN
8 dba BETTER PROPERTY MANAGEMENT, his alter ego BFRF LLC and Doe 1 through Doe 10
9 and each of them, Plaintiff KLEID suffered damages of at least \$600,000 plus interest, lost profits,
10 emotional distress and expenses, according to proof at trial.

11 87. Wherefore, Plaintiff TERRY KLEID seeks damages for negligence as hereinafter set
12 forth.

13 SEVENTH CAUSE OF ACTION

14 **by Plaintiff Kleid as Trustee for Breach of Contract re \$40,000 Note**
15 **against defendants STEVEN BROWN individually and SHIRLEY BROWN individually**
and Doe 11 through Doe 21 and each of them

16 88. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
17 them herein by reference as though set forth in full.

18 89. Plaintiff KLEID performed all acts required of her under the \$40,000 note.

19 90. Defendants STEVEN BROWN individually, SHIRLEY BROWN and Doe 11
20 through Doe 20 and each of them, breached their contractual obligations to plaintiff KLEID, entitling
21 plaintiff KLEID to damages for breach thereof.

22 91. As a direct result of the aforesaid breach of contractual obligations by defendants
23 STEVEN BROWN dba Better Property management, BFRF LLC and Doe 1 through Doe 10 and
24 each of them, Plaintiff Terry Kleid suffered consequential damages of principal, interest and
25 attorney's fees according to proof at trial.

26 92. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

27 ///

28

1 **EIGHTH CAUSE OF ACTION**

2 **by Plaintiff Kleid as Trustee for Negligent Misrepresentation re \$40,000 Note**
3 **against defendants STEVEN BROWN individually, Shirley Brown individually**
4 **Doe 11 through Doe 20 and each of them**

5 93. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
6 them herein by reference as though set forth in full.

7 94. Plaintiff KLEID is informed and believes, and on that basis alleges, that defendant
8 STEVEN BROWN acted individually and as agent for defendant SHIRLEY BROWN and Doe 11
9 through Doe 20 and each of them, when he made the aforesaid representations to Plaintiff KLEID
10 regarding the \$40,000 loan.

11 95. The aforesaid representations of defendants STEVEN BROWN individually and Doe
12 11 through Doe 20 and each of them, regarding offsetting payments for the \$40,000 loan were made
13 to induce plaintiff KLEID Kleid's to rely thereon.

14 96. The aforesaid representations of defendants STEVEN BROWN individually and Doe
15 11 through Doe 20 and each of them, regarding the \$40,000 loan were made without a reasonable
16 belief in their truth and were false in that such offsetting payments had not been made.

17 97. Plaintiff TERRY KLEID relied to her detriment on the representations of said
18 defendants and each of them with respect to the \$40,000 loan in that but for said representations, she
19 would have taken legal action to collect the amount owed under the note.

20 98. As a proximate result of the aforesaid negligent misrepresentations of defendants
21 STEVEN BROWN, SHIRLEY BROWN and Doe 11 through Doe 20 and each of them, with respect
22 to the \$40,000 loan, plaintiff KLEID suffered damages of the lost principal, interest, and attorney's
23 fees, according to proof at trial.

24 99. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

25 **NINTH CAUSE OF ACTION**

26 **By Plaintiff Kleid as Trustee for Fraud re \$40,000 Note**
27 **against defendants Steven Brown individually, Shirley Brown individually**
28 **and Doe 11 through Doe 20 and each of them**

100. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates

1 them herein by reference as though set forth in full.

2 101. The aforesaid representations of defendants STEVEN BROWN dba BETTER
3 PROPERTY MANAGEMENT, individually and as agent for SHIRLEY BROWN and Doe 11
4 through Doe 20 and each of them, regarding the \$40,000 loan were made to induce Plaintiff KLEID'S
5 reliance but were false, known to be false and intended to deceive plaintiff Kleid in that such
6 offsetting payment had not been made.

7 102. As a proximate result of the aforesaid intentional misrepresentations of defendants
8 defendants STEVEN BROWN, SHIRLEY BROWN and Doe 11 through Doe 20 and each of them,
9 with respect to the \$40,000 loan, plaintiff Kleid suffered damages of lost principal, interest, lost
10 profits, emotional distress and expenses resulting from the fraud, according to proof at trial.

11 103. In the acts and omissions herein alleged, defendants STEVEN BROWN, SHIRLEY
12 BROWN and Doe 11 through Doe 20 and each of them, acted with oppression, fraud and malice, and
13 plaintiff KLEID is entitled to punitive and exemplary damages according to proof at trial.

14 104. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

15 **TENTH CAUSE OF ACTION**

16 **By Plaintiff Kleid as Trustee for Breach of Contract re \$170,000 Embezzlement**
17 **against defendants STEVEN BROWN individually and dba Better Property Management,**
Mission National Bank and Doe 21 through Doe 30 and each of them

18 105. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
19 them herein by reference as though set forth in full.

20 106. The aforesaid representations by defendants STEVEN BROWN dba BETTER
21 PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe 21 through Doe 30 and
22 each of them, and Plaintiff KLEID's movement of money to such accounts at defendant MISSION
23 NATIONAL BANK in reliance thereon, constitute contracts. An implied term of Plaintiff KLEID's
24 contracts with defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT,
25 MISSION NATIONAL BANK and Doe 21 through Doe 30 and each of them with respect to her
26 accounts was that said defendants would maintain prudent and reasonable safeguards against financial
27 wrongdoing so as to prevent embezzlement from her accounts.
28

1 107. Plaintiff KLEID performed all acts required of her under the contracts.

2 108. By failing to disclose the aforesaid imprudent banking practices, Order, and
3 reputation issues, setting up the second two accounts so that only defendant BROWN had signing
4 authority and access to information, failing to prevent the negligent or intentional assistance to
5 defendant BROWN of someone inside defendant MISSION NATIONAL BANK for whose acts and
6 omissions defendant MISSION NATIONAL BANK is responsible, and by failing to take reasonable
7 steps to prevent the aforesaid unauthorized withdrawals, defendants STEVEN BROWN dba
8 BETTER PROPERTY MANAGEMENT, defendant MISSION NATIONAL BANK and Doe 21
9 through Doe 30, and each of them, breached their contractual obligations to Plaintiff KLEID.

10 109. As a direct result of the aforesaid breach of contractual obligations by defendants
11 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, defendant MISSION NATIONAL
12 BANK and Doe 11 through Doe 21, and each of them, Plaintiff Terry Kleid suffered consequential
13 damages of at least \$170,000 plus interest at the highest legal rate, according to proof at trial.

14 110. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth

15 **ELEVENTH CAUSE OF ACTION**

16 **By Plaintiff Kleid as Trustee for Breach of Fiduciary Duty re \$170,000 Embezzlement**
17 **against defendants Steven Brown individually and dba Better Property Management,**
Mission National Bank and Doe 21 through Doe 30 and each of them

18 111. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
19 them herein by reference as though set forth in full.

20 112. In effect, the aforesaid bank accounts were trust accounts held by defendant STEVEN
21 BROWN dba BETTER PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe
22 11 through Doe 21 and each of them, for the benefit of the plaintiff KLEID.

23 113. As a licensed California real estate broker performing property management functions
24 for which California law requires a brokerage license, defendant STEVEN BROWN dba BETTER
25 PROPERTY MANAGEMENT and Doe 21 through Doe 30 and each of them, had a fiduciary duty
26 to manage plaintiff KLEID's accounts with utmost care, good faith and loyalty to Plaintiff KLEID.
27 As a national banking association holding funds for the benefit of plaintiff KLEID, defendant
28

1 MISSION NATIONAL BANK and Doe 11 through Doe 20 and each of them had a fiduciary a duty
2 to safeguard plaintiff KLEID's trust accounts with utmost care, good faith and loyalty to plaintiff
3 KLEID.

4 114. Defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT,
5 defendant MISSION NATIONAL BANK and Doe 21 through Doe 30, and each of them, breached
6 their fiduciary duties to plaintiff KLEID with respect to the trust accounts of plaintiff KLEID.

7 115. As a direct, proximate BANK and Doe 11 through Doe 21, and each of them, of the
8 aforesaid breach of fiduciary duty by defendants STEVEN BROWN dba BETTER PROPERTY
9 MANAGEMENT, defendant MISSION NATIONAL BANK and Doe 21 through Doe 30, and each
10 of them, Plaintiff Terry Kleid suffered damages of at least \$170,000, interest thereon at the highest
11 legal rate and emotional distress according to proof at trial.

12 116. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

13 **TWELFTH CAUSE OF ACTION**

14 **By Plaintiff Kleid as Trustee for Negligence re \$170,000 Embezzlement**
15 **against defendants Steven Brown individually and dba Better Property Management,**
16 **Mission National Bank and Doe 11 through Doe 20 and each of them**

17 117. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
18 them herein by reference as though set forth in full.

19 118. Defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT,
20 MISSION NATIONAL BANK and Doe 21 through Doe 21 and each of them, owed Plaintiff
21 KLEID a duty of reasonable care with respect to the bank accounts of plaintiff KLEID

22 119. Defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT,
23 defendant MISSION NATIONAL BANK and Doe 21 through Doe 30, and each of them, were
24 negligent with respect to the bank accounts of plaintiff KLEID.

25 120. As a direct, proximate result of the aforesaid negligence by defendants STEVEN
26 BROWN dba BETTER PROPERTY MANAGEMENT, defendant MISSION NATIONAL BANK
27 and Doe 21 through Doe 30, and each of them, Plaintiff Terry Kleid suffered damages of at least
28 \$170,000, interest thereon at the highest legal rate, and emotional distress according to proof at trial.

1 avoiding the embezzlement entirely, or would have become aware of the embezzlement sooner,
2 thereby lessening the embezzlement.

3 127. The aforesaid representations of defendants STEVEN BROWN dba BETTER
4 PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe 21 through Doe 30 and
5 each of them, were false in that 1) said defendants did not maintain plaintiff's signing authority on the
6 accounts and access to information about the accounts online, by phone and in person so that plaintiff
7 could both withdraw money and monitor activity in the accounts; and 2) said defendants did not
8 maintain reasonable safeguards against financial wrongdoing so as to prevent embezzlement from
9 the accounts.

10 128. As a proximate result of the aforesaid negligent misrepresentations of defendants
11 STEVEN BROWN dba BETTER PROPERTY, with respect to the bank accounts, Plaintiff KLEID
12 suffered damages of at least \$170,000 plus interest, according to proof at trial.

13 129. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

14 **FOURTEENTH CAUSE OF ACTION**

15 **By Plaintiff Kleid as Trustee for Fraud re \$170,000 Embezzlement**
16 **against defendants Steven Brown individually and dba Better Property Management,**
Mission National Bank and Doe 21 through Doe 30 and each of them

17 130. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
18 them herein by reference as though set forth in full.

19 131. Plaintiff are informed and believe, and on that basis allege, that when defendants
20 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, MISSION NATIONAL BANK
21 and Doe 11 through Doe 21 and each of them, made the aforesaid representations to Plaintiff KLEID
22 regarding the bank accounts, they knew they were false.

23 132. Plaintiff are informed and believe, and on that basis allege, that when defendants
24 STEVEN BROWN dba BETTER PROPERTY MANAGEMENT, MISSION NATIONAL BANK
25 and Doe 11 through Doe 21 and each of them, made the aforesaid representations to Plaintiff KLEID
26 regarding the bank accounts, they did so to induce Plaintiff Kleid's reliance thereon.

27 133. The aforesaid representations of defendants STEVEN BROWN individually and dba
28

1 BETTER PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe 11 through Doe
2 21 and each of them, regarding the bank accounts were false and said defendant knew they were false
3 in that 1) such safeguards were not in place or maintained; 2) the BROWN defendants intended to
4 embezzle from the accounts; and 3) the KLEID plaintiff are informed and believe, and on that basis
5 allege, one or more people among the MISSION NATIONAL BANK defendants acted as an
6 accomplice of the BROWN defendants in the embezzlement.

7 134. As a proximate result of the aforesaid fraud of defendants STEVEN BROWN dba
8 BETTER PROPERTY, MISSION NATIONAL BANK and Doe 11 through Doe 21 and each of
9 them, during the period from 01/01/15 through 04/30/15, with respect to the bank accounts, the
10 KLEID plaintiff suffered damages of at least \$170,000 plus interest, emotional distress and expenses
11 according to proof at trial.

12 135. In the acts and omissions herein alleged, defendants STEVEN BROWN individually
13 and dba BETTER PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe 11
14 through Doe 21 and each of them defendants acted with oppression, fraud and malice, and the KLEID
15 plaintiff are entitled to punitive and exemplary damages according to proof at trial.

16 136. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

17 **FIFTEENTH CAUSE OF ACTION**

18 **By Plaintiff Kleid as Trustee for Conversion re \$170,000 Embezzlement**
19 **against defendants Steven Brown individually and dba Better Property Management,**
20 **Mission National Bank and Doe 21 through Doe 30 and each of them**

21 137. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
22 them herein by reference as though set forth in full.

23 138. Plaintiff KLEID is informed and believes, and on that basis alleges, that between
24 12/23/10, when Roger Kleid died, and 12/31/14, defendants STEVEN BROWN dba BETTER
25 PROPERTY and Doe 11 through Doe 21 and each of them, withdrew without authorization
26 additional sums belonging to or held in trust for plaintiff KLEID from her accounts at MISSION
27 NATIONAL BANK.

28 139. Plaintiff KLEID is informed and believes, and on that basis alleges, that the aforesaid

1 unauthorized withdrawals of additional funds between 12/23/10 and 12/31/14 by the BROWN
2 defendants were accomplished with the knowing assistance of someone inside defendant MISSION
3 NATIONAL BANK for whose acts and omissions defendant MISSION NATIONAL BANK and
4 Doe 11 through Doe 21 and each of them, are responsible.

5 140. The aforesaid unauthorized withdrawals between 12/23/10 and 04/30/15 constitute
6 conversion.

7 141. As a proximate result of the aforesaid conversion by STEVEN BROWN dba BETTER
8 PROPERTY MANAGEMENT, MISSION NATIONAL BANK and Doe 11 through Doe 21 and
9 each of them plaintiff KLEID suffered damages of at least \$170,000 plus interest, emotional distress
10 and expenses, according to proof at trial.

11 142. In the aforesaid acts and omissions with respect to the accounts at MISSION
12 NATIONAL BANK, defendants STEVEN BROWN dba BETTER PROPERTY MANAGEMENT,
13 MISSION NATIONAL BANK and Doe 11 through Doe 21 and each of them acted with oppression,
14 fraud and malice, and plaintiff KLEID is entitled to punitive and exemplary damages according to
15 proof at trial.

16 143. Wherefore, plaintiff TERRY KLEID seeks damages for conversion as hereinafter set
17 forth.

18 **SIXTEENTH CAUSE OF ACTION**

19 **By Plaintiff Kleid as Trustee for Professional Negligence re Property Management**
20 **against defendants Steven Brown individually and dba Better Property Management,**
21 **Eyal Katz, individually and dba Brick & Mortar, Katz Group, a California corporation**
dba Brick and Mortar Real Estate Services and DOE 31 through DOE 40 and each of them

22 144. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
23 them herein by reference as though set forth in full.

24 145. In addition to mismanagement of the aforesaid Richards and Sookia matters, the
25 BROWN defendants and the KATZ defendants generally mismanaged plaintiff KLEID' properties,
26 causing harm and expense that proper management could have avoided.

27 146. As licensed real estate brokers holding themselves out to plaintiff KLEID as
28 professional property managers, defendants STEVEN BROWN individually and dba BETTER

1 PROPERTY MANAGEMENT, EYAL KATZ, individually and doing business as BRICK &
2 MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and DOE 31
3 through DOE 40 and each of them owed plaintiff KLEID a duty of reasonable care with respect to
4 the management of plaintiff's properties.

5 147. Defendants STEVEN BROWN individually and dba BETTER PROPERTY
6 MANAGEMENT, EYAL KATZ, individually and doing business as BRICK & MORTAR, KATZ
7 GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and DOE 31 through DOE 40
8 were negligent with respect to the performance of their duties as property managers.

9 148. As a proximate result of the aforesaid negligence of defendants STEVEN BROWN
10 individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and doing
11 business as BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE
12 SERVICES and DOE 31 through DOE 40 and each of them, plaintiff KLEID suffered damages
13 according to proof at trial.

14 149. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

15 **SEVENTEENTH CAUSE OF ACTION**

16 **By Plaintiff Kleid as Trustee for Breach of Fiduciary Duty re Property Management**
17 **against defendants Steven Brown individually and dba Better Property Management,**
18 **Eyal Katz, individually and dba Brick & Mortar, Katz Group, a California corporation dba**
19 **Brick and Mortar Real Estate Services and DOE 31 through DOE 40 and each of them**

20 150. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
21 them herein by reference as though set forth in full.

22 151. As licensed California real estate brokers holding themselves out to plaintiff KLEID
23 as professional property managers and performing property management functions for which
24 California law requires a brokerage license, defendants STEVEN BROWN individually and dba
25 BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and doing business as BRICK
26 & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and DOE
27 31 through DOE 40 and each of them owed plaintiff KLEID a fiduciary duty to manage plaintiff
28 KLEID's property with utmost care, good faith and loyalty to plaintiff KLEID.

1 152. Defendants STEVEN BROWN individually and dba BETTER PROPERTY
2 MANAGEMENT, EYAL KATZ, individually and doing business as BRICK & MORTAR, KATZ
3 GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and DOE 31 through DOE 40
4 and each of them breached their fiduciary duties to plaintiff KLEID as property managers.

5 153. As a proximate result of the aforesaid breach of fiduciary duties by defendants
6 STEVEN BROWN individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ,
7 individually and doing business as BRICK & MORTAR, KATZ GROUP dba BRICK AND
8 MORTAR REAL ESTATE SERVICES and DOE 31 through DOE 40 and each of them plaintiff
9 KLEID suffered damages in excess of the according to proof at trial.

10 154. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

11 **EIGHTEENTH CAUSE OF ACTION**

12 **By Plaintiff Kleid as Trustee for Fraud re Property Management**
13 **against defendants Steven Brown individually and dba Better Property Management,**
14 **Eyal Katz, individually and dba Brick & Mortar, Katz Group, a California corporation dba**
15 **Brick and Mortar Real Estate Services and DOE 31 through DOE 40 and each of them**

16 155. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
17 them herein by reference as though set forth in full.

18 156. In concealing the ongoing fraud and embezzlement, the anticipated BRE audit or the
19 sham sale, as aforesaid, defendants STEVEN BROWN individually and dba BETTER PROPERTY
20 MANAGEMENT, EYAL KATZ, individually and doing business as BRICK AND MORTAR, KATZ
21 GROUP, a California corporation doing business as BRICK AND MORTAR REAL ESTATE
22 SERVICES, and Doe 31 through Doe 40 and each of them acted with oppression, fraud and malice,
23 and plaintiff KLEID is entitled to punitive and exemplary damages according to proof at trial.

24 157. Plaintiff KLEID is informed and believes, and on that basis alleges, that 1) the
25 BROWN defendants conspired with or deceived vendors so as to generate bills for services related
26 to plaintiff KLEID'S properties that were not performed, and materials related to plaintiff KLEID'S
27 properties that were not received, or for services that were performed or materials that were received
28 at lower cost than billed, and that defendant BROWN paid the bills from plaintiff's accounts
knowing that the bills were false or inflated in exchange for consideration not yet known; and 2) the

1 KATZ defendants knew about the aforesaid conspiracy or deception and failed to inform plaintiff
2 KLEID.

3 158. As a proximate result of the aforesaid acts and omissions by defendants STEVEN
4 BROWN individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually
5 and doing business as BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL
6 ESTATE SERVICES and DOE 31 through DOE 40 and each of them plaintiff Kleid suffered
7 damages according to proof at trial.

8 159. In the aforesaid acts and omissions defendants STEVEN BROWN individually and
9 dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and doing business as
10 BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and
11 DOE 31 through DOE 40 and each of them acted with oppression, fraud, and malice, and plaintiff
12 KLEID is entitled to punitive and exemplary damages according to proof at trial.

13 160. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

14 **NINETEENTH CAUSE OF ACTION**

15 **By Plaintiff Kleid as Trustee for Conversion re Property Management**
16 **against defendants Steven Brown individually and dba Better Property Management,**
17 **Eyal Katz, individually and dba Brick & Mortar, Katz Group, a California corporation dba**
18 **Brick and Mortar Real Estate Services and DOE 31 through DOE 40 and each of them**

19 161. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
20 them herein by reference as though set forth in full.

21 162. By failing to relinquish to plaintiff KLEID or her new property manager the
22 remaining \$21,000 in plaintiff's trust accounts at Bank of America, defendants EYAL KATZ,
23 individually and dba BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL
24 ESTATE SERVICES and DOE 31 through DOE 40 and each of them committed conversion. Since
25 said defendants acquired possession of the \$21,000 in furtherance of a fraudulent, sham transaction
26 with defendant STEVEN BROWN individually and dba BETTER PROPERTY MANAGEMENT,
27 all said defendants are jointly and severally liable to plaintiff KLEID for proximately caused damages.

28 163. As a proximate result of the aforesaid acts and omissions by defendants STEVEN
BROWN individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually

1 and doing business as BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL
2 ESTATE SERVICES and DOE 31 through DOE 40 and each of them plaintiff Kleid suffered
3 damages according to proof at trial

4 164. In the aforesaid acts and omissions defendants STEVEN BROWN individually and
5 dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and doing business as
6 BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE SERVICES and
7 DOE 31 through DOE 40 and each of them acted with oppression, fraud, and malice, and plaintiff
8 KLEID is entitled to punitive and exemplary damages according to proof at trial.

9 165. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

10 **TWENTIETH CAUSE OF ACTION**

11 **By Plaintiff Kleid as Trustee for Legal Malpractice against defendants BRAVO &**
12 **MARGULIES, a law firm, JOSEPH BRAVO, JEFFREY MARGULIES and DOE 41**
13 **through DOE 50, and each of them**

14 166. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
15 them herein by reference as though set forth in full.

16 167. Defendants BRAVO & MARGULIES, a law firm, JOSEPH BRAVO, JEFFREY
17 MARGULIES and DOE 41 through DOE 50, and each of them knew or should have known that
18 defendant BROWN was mismanaging plaintiff KLEID'S properties and possibly defrauding plaintiff
19 KLEID but failed to report the mismanagement and possible fraud to plaintiff KLEID.

20 168. Defendants BRAVO & MARGULIES, a law firm, JOSEPH BRAVO, JEFFREY
21 MARGULIES and DOE 41 through DOE 50, and each of them were professionally negligent with
22 respect to the performance of their duties as property managers and attorneys, respectively.

23 169. As a proximate result of the aforesaid negligence of Defendants STEVEN BROWN
24 individually and dba BETTER PROPERTY MANAGEMENT, EYAL KATZ, individually and doing
25 business as BRICK & MORTAR, KATZ GROUP dba BRICK AND MORTAR REAL ESTATE
26 SERVICES and DOE 31 through DOE 40 and BRAVO & MARGULIES, a law firm, JOSEPH
27 BRAVO, JEFFREY MARGULIES and DOE 41 through DOE 50, and each of them plaintiff KLEID
28 suffered damages according to proof at trial.

170. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

1 **TWENTY-FIRST CAUSE OF ACTION**

2 **By Plaintiff Kleid as Trustee for Breach of Fiduciary Duty against defendants BRAVO &**
3 **MARGULIES, a law firm, JOSEPH BRAVO, JEFFREY MARGULIES and DOE 41**
4 **through DOE 50, and each of them**

5 171. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
6 them herein by reference as though set forth in full.

7 172. As licensed California attorneys, defendants BRAVO & MARGULIES, a law firm,
8 JOSEPH BRAVO, JEFFREY MARGULIES and DOE 41 through DOE 50, and each of them owed
9 plaintiff KLEID a fiduciary duty to represent plaintiff KLEID's legal interests with utmost care,
10 good faith and loyalty to plaintiff KLEID.

11 173. Defendants BRAVO & MARGULIES, a law firm, JOSEPH BRAVO, JEFFREY
12 MARGULIES and DOE 41 through DOE 50, and each of them breached their fiduciary duties to
13 plaintiff KLEID as her attorneys and proximately caused her harm as aforesaid.

14 174. Wherefore, plaintiff Terry Kleid seeks damages as hereinafter set forth.

15 **TWENTY-SECOND FIRST CAUSE OF ACTION**

16 **By Plaintiff Kleid as Trustee for Fraud against defendants BRAVO & MARGULIES,**
17 **a law firm, JOSEPH BRAVO, JEFFREY MARGULIES**
18 **and DOE 41 through DOE 50, and each of them**

19 175. Plaintiff KLEID refers to all preceding paragraphs of the complaint and incorporates
20 them herein by reference as though set forth in full.

21 176. Plaintiff KLEID is informed and believes, and on that basis alleges, that 1) defendants
22 BRAVO & MARGULIES, JOSEPH BRAVO and JEFFREY MARGULIES and DOE 41 through
23 DOE 50, and each of them, intentionally sent bills to defendant BROWN for work that was not
24 performed or that was performed in less time than billed; 2) defendant BROWN paid the bills
25 knowing that they were inflated in exchange for consideration not yet known and 3) the bills were
26 intended to and did defraud plaintiff KLEID.

27 177. As a proximate result of the aforesaid fraud by defendants BRAVO & MARGULIES,
28 JOSEPH BRAVO and JEFFREY MARGULIES and DOE 41 through DOE 50, and each of them,
plaintiff Kleid suffered damages according to proof at trial.

1 178. In the aforesaid acts and omissions defendants BRAVO & MARGULIES, JOSEPH
2 BRAVO and JEFFREY MARGULIES and DOE 41 through DOE 50, and each of them, acted with
3 oppression, fraud and malice, and plaintiff KLEID is entitled to punitive and exemplary damages
4 according to proof at trial.

5 179. Wherefore, plaintiff TERRY KLEID seeks damages as hereinafter set forth.

6 **PRAYER**

7 180. WHEREFORE, Plaintiff TERRY L. KLEID prays as follows:

8 a) On the First Cause of Action for Reformation and Breach of Contract, for judgment
9 against Steven Brown individually and dba Better Property Management, his alter ego
10 BFRF LLC and Doe 1 through Doe 10 and each of them, jointly and severally,
11 reforming the note to conform to defendant Brown's oral representations, for damages
12 of at least \$600,000 plus interest at 10 per cent per annum from and after 04/11/14
13 April 2014, lost profit equal to 10% of actual profit, if any, and attorney's fees,
14 according to proof at trial;

15 b) On the Second Cause of Action for Negligent Misrepresentation, for judgment
16 Against Steven Brown individually and dba Better Property Management, his alter ego
17 BFRF LLC and Doe 1 through Doe 10 and each of them, jointly and severally, for
18 damages of at least \$600,000 plus interest at 10 per cent per annum from and after
19 04/11/14, lost profit equal to 10% of actual profit, if any, and attorney's fees,
20 according to proof at trial;

21 b) On the Third Cause of Action for Fraud, for judgment against defendants against
22 Steven Brown individually and dba Better Property Management, his alter ego BFRF
23 LLC and Doe 1 through Doe 10 and each of them, jointly and severally, for
24 compensatory damages at least \$600,000 plus interest from and after 04/11/14, lost
25 profits, if any, emotional distress, attorney's fees, and punitive and exemplary
26 damages, all according to proof at trial;

27 c) On the Fourth Cause of Action for Conversion , for judgment against defendants
28 Steven Brown individually and dba Better Property Management, his alter ego BFRF

1 LLC and Doe 1 through Doe 10 and each of them, jointly and severally, for
2 compensatory damages at least \$600,000 plus interest from and after 11 April 2014,
3 lost profits, if any, emotional distress, attorney's fees, and punitive and exemplary
4 damages, all according to proof at trial;

5 d) On the Fifth Cause of Action for Breach of Fiduciary Duty, for judgment against
6 defendants Steven Brown individually and dba Better Property Management, his alter
7 ego BFRF LLC and Doe 1 through Doe 10 and each of them, jointly and severally,
8 for compensatory damages at least \$600,000 plus interest from and after 11 April
9 2014, lost profits, if any, emotional distress, attorney's fees, and punitive and
10 exemplary damages, all according to proof at trial;

11 e) On the Sixth Cause of Action for Negligence, for judgment against defendants Steven
12 Brown individually and dba Better Property Management, his alter ego BFRF LLC
13 and Doe 1 through Doe 10 and each of them, jointly and severally, for compensatory
14 damages at least \$600,000 plus interest from and after 11 April 2014, lost profits, if
15 any, and attorney's fees, all according to proof at trial;

16 f) On the Seventh Cause of Action for Breach of Contract, for judgment against Steven
17 Brown individually, Shirley Brown individually and Doe 11 through Doe 20 and each
18 of them, jointly and severally, for the unpaid balance of the \$40,000 note, interest at
19 the highest legal rate and attorney's fees, according to proof at trial;

20 g) On the Eighth Cause of Action for Negligent Misrepresentation, for judgment against
21 Steven Brown individually, Shirley Brown individually and Doe 11 through Doe 20
22 and each of them, jointly and severally, for the unpaid balance of the \$40,000 note,
23 interest at the highest legal rate and attorney's fees, according to proof at trial;

24 h) On the Ninth Cause of Action for fraud, for judgment against Steven Brown
25 individually, Shirley Brown individually and Doe 11 through Doe 20 and each of
26 them, jointly and severally, for the unpaid balance of the \$40,000 note, interest at the
27 highest legal rate, emotional distress, attorney's fees, and punitive and exemplary
28 damages, all according to proof at trial;

- 1 i) On the Tenth Cause of Action for Breach of Contract, for judgment against Steven
2 Brown individually and dba Better Property Management, Mission National Bank and
3 Doe 21 through Doe 30 and each of them, jointly and severally, for damages of at
4 least \$170,000 plus interest at the highest legal rate, according to proof at trial;
- 5 j) On the Eleventh Cause of Action for Breach of Fiduciary Duty, for judgment against
6 Steven Brown individually and dba Better Property Management, Mission National
7 Bank and Doe 21 through Doe 30 and each of them, jointly and severally, for damages
8 of at least \$170,000 plus interest at the highest legal rate, according to proof at trial;
- 9 k) On the Twelfth Cause of Action for Negligence, for judgment against Steven Brown
10 individually and dba Better Property Management, Mission National Bank and Doe
11 21 through Doe 30 and each of them, jointly and severally, for damages of at least
12 \$170,000 plus interest at the highest legal rate, according to proof at trial;
- 13 l) On the Thirteenth Cause of Action for Negligent Misrepresentation, for judgment
14 against Steven Brown individually and dba Better Property Management, Mission
15 National Bank and Doe 21 through Doe 30 and each of them, jointly and severally, for
16 damages of at least \$170,000 plus interest at the highest legal rate, according to proof
17 at trial;
- 18 m) On the Fourteenth Cause of Action for Fraud, for judgment against Steven Brown
19 individually and dba Better Property Management, Mission National Bank and Doe
20 21 through Doe 30 and each of them, jointly and severally, for damages of at least
21 \$170,000, interest at the highest legal rate, emotional distress, attorney's fees, and
22 punitive and exemplary damages, all according to proof at trial;
- 23 n) On the Fifteenth Cause of Action for Conversion, for judgment against Steven Brown
24 individually and dba Better Property Management, Mission National Bank and Doe
25 21 through Doe 30 and each of them, jointly and severally, for damages of at least
26 \$170,000, interest at the highest legal rate, emotional distress, attorney's fees, and
27 punitive and exemplary damages, all according to proof at trial;
- 28 o) On the Sixteenth Cause of Action for Professional Negligence, for judgment against

1 Steven Brown individually and dba Better Property Management, EYAL KATZ,
2 individually and doing business as Brick & Mortar, Katz Group dba Brick and Mortar
3 Real Estate Services and DOE 31 through DOE 40 and each of them, jointly and
4 severally, for compensatory damages plus interest at the highest legal rate, according
5 to proof at trial;

6 p) On the Seventeenth Cause of Action for Breach of Fiduciary Duty, for judgment
7 against Steven Brown individually and dba Better Property Management, EYAL
8 KATZ, individually and doing business as Brick & Mortar, Katz Group dba Brick and
9 Mortar Real Estate Services and DOE 31 through DOE 40 and each of them, jointly
10 and severally, for compensatory damages plus interest at the highest legal rate,
11 according to proof at trial;

12 q) On the Eighteenth Cause of Action for Fraud, for judgment against Steven Brown
13 individually and dba Better Property Management, Eyal Katz, Individually and Doing
14 Business as Brick & Mortar, Katz Group dba Brick and Mortar Real Estate Services
15 and DOE 31 through DOE 40 and each of them, jointly and severally, for
16 compensatory damages, interest at the highest legal rate, according to proof at trial;

17 r) On the Nineteenth Cause of Action for Conversion, for judgment against Steven
18 Brown individually and dba Better Property Management, Eyal Katz, Individually and
19 Doing Business as Brick & Mortar, Katz Group dba Brick and Mortar Real Estate
20 Services and DOE 31 through DOE 40 and each of them, jointly and severally, for
21 compensatory damages of at least \$21,000 plus interest at the highest legal rate,
22 emotional distress, and punitive and exemplary damages, all according to proof at
23 trial;

24 s) On the Twentieth Cause of Action for Legal Malpractice, for judgment against
25 defendants Bravo & Margulies, Joseph Bravo and Jeffrey Margulies and DOE 41
26 through DOE 50, and each of them, jointly and severally, for compensatory damages
27 plus interest at the highest legal rate, according to proof at trial;

28 t) On the Twenty-first Cause of Action for Breach of Fiduciary Duty, for judgment

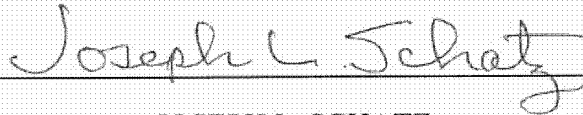
1 against defendants Bravo & Margulies, Joseph Bravo and Jeffrey Margulies and DOE
2 41 through DOE 50, and each of them, jointly and severally, for compensatory
3 damages plus interest at the highest legal rate, according to proof at trial;

4 u) On the Twenty-second Cause of Action for Fraud, for judgment against defendants
5 Bravo & Margulies, Joseph Bravo and Jeffrey Margulies and DOE 41 through DOE
6 50, and each of them, jointly and severally, for compensatory damages, interest at the
7 highest legal rate, emotional distress, and punitive and exemplary damages, all
8 according to proof at trial.

9 v) On all Causes of Action, for costs of suit incurred herein; and

10 w) For such other and further relief as the court may find just and proper.

11
12
13 Dated: 14 October 2016

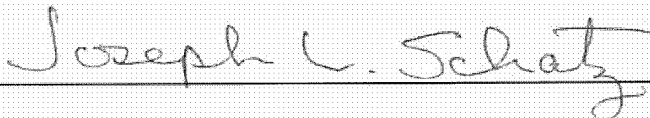


14 JOSEPH L. SCHATZ
15 Attorney for Plaintiff Terry Kleid,
16 individually and as Trustee of the
17 Roger and Terry L. Kleid Revocable Trust dated 01/25/94

18 **DEMAND FOR JURY TRIAL**

19 Plaintiff TERRY Kleid demands hereby a jury trial as to all issues that may be tried by jury.
20
21

22
23 Dated: 14 October 2016



24 JOSEPH L. SCHATZ
25 Attorney for Plaintiff Terry Kleid,
26 individually and as Trustee of the
27 Roger and Terry L. Kleid Revocable Trust dated 01/25/94
28

Exhibit 1

Statement
of Accounts

Page 1 of 1
Statement Number:
3/22/14 - 4/22/14

CY15Z 001000

ROGER AND TERRY L KLEID REVOCABLE TRUST
TERRY L KLEID, TRUSTEE

High Rate MoneyMarket Account Summary

Account Number:

Days in statement period: 32

Balance on 3/22	\$	
Additions		
Subtractions		-600,045.00
Payments	-600,000.00	
Other Withdrawals	-45.00	
Balance on 4/22	\$	

Statement Average Ledger Balance \$

We waived your service charge this statement period.

Additions	Date	Description	Reference	Amount
	4/22	INTEREST PAYMENT	S	798.35

Payments	Date	Description	Account only	Reference	Amount
online and electronic banking	4/11	WIRE TRANS Sent To: FIRST REPUBLIC BANK Beneficiary: STEVEN A. BROWN			0,000.00

Other Withdrawals	Date	Description	Reference	Amount
including fees and adjustments	4/11	WIRE TRAN FEES 1401110154 140411-015417		45.00

EXHIBIT 1

Exhibit 2

MEMORANDUM OF UNDERSTANDING

SUBJECT PROPERTY ADDRESS: TO BE DETERMINED

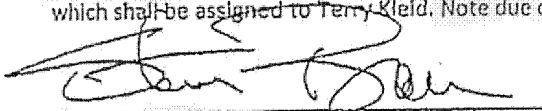
DATE: April 3, 2014

The undersigned do hereby acknowledge and agree that a joint venture has been discussed verbally and agreed upon in its various parts; and that the subject property will be acquired for the purpose of rehabilitation and resale.

The ownership of this property is vested in BFRF, LLC.

Terry Kleid has funded \$600,000 towards the initial acquisition. Terry Kleid shall receive 10% preferred return of the net profit.

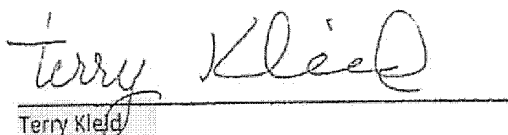
Additionally, BFRF will place a \$600,000 second *Deed of Trust* on subject property at a 10% rate of return which shall be assigned to Terry Kleid. Note due on sale or refinance.



Steven Brown

4/3/14

Date



Terry Kleid

4/30/14

Date

EXHIBIT 2

Exhibit 3

STRAIGHT NOTE

§ 600,000.00 San Francisco, California April 8, 2014

BFRF, LLC after date,

for value received, I promise to pay to Terry Kleid

or order,

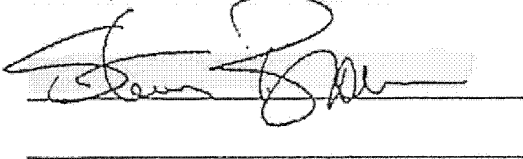
at 807 Cima Linda Lane, Santa Barbara CA 93108 the sum of

Six Hundred Thousand DOLLARS,

with interest from Funding or 4/5/2014, until paid at the rate of 10 per cent per annum,

payable in one year or upon sale of designated property. Upon purchase of designated property a deed of trust in favor of Terry Kleid will be executed.

Principal and interest payable in lawful money of the United State of America. Should default be made in payment of interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note and after said breach, said obligation shall continue to accrue interest at the rate of 10 % per annum. If action be instituted on this note I promise to pay such sum as the Court may fix as Attorney's fees. This note is secured by a Deed of Trust of even date herewith.



Terry Kleid 4/30/14

DO NOT DESTROY THIS NOTE

When paid, this note, and the Deed of Trust, must be surrendered to Trustee for cancellation before reconveyance will be made.

STRAIGHT NOTE

EXHIBIT 3

Exhibit 4

Steve Brown - UNSECURED
LOAN

STRAIGHT NOTE

\$ 40,000.00 San Francisco, California December 5, 2007

_____ after date,

for value received, I promise to pay to Roger D. KLEID

_____ or order,

at _____ the sum of

forty thousand & no cents DOLLARS,

with interest from December 5, 2007 until paid at the rate of 12% per cent per annum,

payable Monthly at \$400; payments due on the 5th day of the month; first payment due January 5, 2008

Principal and interest payable in lawful money of the United State of America. Should default be made in payment of interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note and after said breach, said obligation shall continue to accrue interest at the rate of _____% per annum. If action be instituted on this note I promise to pay such sum as the Court may fix as Attorney's fees. This note is secured by a Deed of Trust of even date herewith.

EXHIBIT 4

Steve Brown

Shirley Brown

DO NOT DESTROY THIS NOTE

When paid, this note, and the Deed of Trust, must be surrendered to Trustee for cancellation before reconveyance will be made.

(unsecured note from Steve + Shirley Brown)

Exhibit 5

REPLY TO SAN FRANCISCO

June 3, 2015

To The Clients of Brick and Mortar Real Estate Services, Inc. -

It seems that many of you were caught unaware of the transition from Steven Brown's Better Property Management to Brick and Mortar Real Estate Services, Inc; some have even characterized the recent letter which enclosed a new Property Management Agreement from Brick and Mortar, as 'presumptuous.'

First, let me apologize on behalf of Brick and Mortar if the letter it sent felt presumptuous, or was a surprise, to you. That was certainly not the intention.

For reasons Mr Brown desired to remain confidential, the property management accounts of Better Property Management were sold to Brick and Mortar in December of 2014.

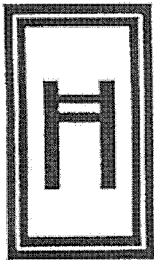
It now appears necessary to advise you of the circumstances surrounding that transfer.

In late 2014, Eyal Katz, the owner and broker of Brick and Mortar and a long time employee of Mr Brown's at BPM, obtained his real estate broker's license. He and Mr Brown began a dialog about Mr Katz's desire to create a property management company of his own. Mr Brown relayed that he was thinking it was time to retire, and the two settled on the transfer of the BPM business to Mr Katz via the new company he would form, Brick and Mortar.

As they began reviewing accounts and talking more about 'money', it became apparent that there were issues other than a desire to retire that were prompting Mr Brown's sale of BPM.

Over the past several years, Mr Brown admitted to Mr Katz, Mr Brown had been embezzling client trust money from the BPM accounts. He'd taken money from his HomeOwner Association accounts as well; and money from investors. Mr Brown advised that he'd taken nearly one million dollars from his clients. Mr Brown showed Eyal (and kept it afterward) a list that indicated approximately \$300,000 had been taken from the BPM property management trust account(s).

We do not know the exact amounts that have been taken. We understand that the California Bureau of Real Estate has subpoenaed records from Mr Brown and is conducting an investigation of its own.



**HANSON
LAW FIRM**
A PROFESSIONAL CORPORATION

300 MONTGOMERY
SUITE 1121
SAN FRANCISCO, CA
94104
TELE: 415.362.9181
FAX: 877.733.3574

With Satellite Offices in:

SACRAMENTO
SAN JOSE
MODESTO
FRESNO
PALMDALE
ENCINO
ONTARIO
RIVERSIDE
TORRANCE
HUNTINGTON BEACH
SAN DIEGO

EXHIBIT 5-1

We urge you to individually seek an accounting from Mr Brown with respect to each of your accounts with BPM.

On the effective date of the transfer, January 1, 2015, Brick and Mortar created new bank accounts for each Brick and Mortar client - with a Zero Dollar (\$0.00) starting balance. Brick and Mortar does NOT have any records of your accounts prior to January 1, 2015. (We understand that in the recent letter from Brick and Mortar, you received a written accounting of all your funds from and after January 1, 2015. We also understand that you have always had on-line access from Brick and Mortar to your accounts, from the beginning - in January 2015.)

In order to make the transition as smooth and seamless as possible, Brick and Mortar worked in, and with BPM staff at, the BPM offices during a transition period.

As of June 1, 2015, Brick and Mortar relocated into its own space, and sent updated property management contracts to all its clients.

As yours was one of the accounts sold by BPM to Brick and Mortar, you got the letter and agreement.

While we appreciate your past relationship with BPM and your relationship with Mr Brown, BPM is no longer able to accept your account or provide property management services to you -- as it has sold that account to Brick and Mortar.

We understand that Mr Brown has told some of you that the sale did not go through, that there was no agreement on a price. Over the last several months Mr Brown has been paid over \$40,000 for his BPM property management accounts - accounts whose value is based on 'goodwill.' We are unable to agree on the value for 'goodwill' on a business where the seller has stolen significant amounts of money from many of its customers.

In addition, as you might imagine, Brick and Mortar wouldn't want to pay BPM for an account that simply stayed at BPM. Indeed, the sale of the accounts was premised on the fact that BPM was closing as of December 31, 2014. Mr Brown's efforts at stealing back Brick and Mortar customers only further decreases the value of the 'goodwill' Brick and Mortar will or should pay.

If you have been told that BPM remains in business for property management services, please let me know by whom, and when. It is a 'bad thing' for BPM to attempt to take back an account it sold to Brick and Mortar.

We understand that Mr Brown has contacted many of you, in an effort to regain your property management business.

Please be advised that we are filing suit against Mr Brown to enforce the terms of the sale, and to prevent him from renegeing on the deal and seeking the Brick and Mortar accounts back. We expect a Temporary Restraining Order will immediately be issued by the Court, with a Preliminary Injunction to follow soon thereafter.

EXHIBIT 5-2

You are certainly able to terminate your account with Brick and Mortar pursuant to the terms of the prior agreement you had with BPM, which was assigned to Brick and Mortar and in remains in place until a new agreement is signed. But, Brick and Mortar would hate to lose your business, especially as you've had no complaints or issues with its services for you these last five months.

On Brick and Mortar's behalf, Mr Katz and I ask that you keep your business with Brick and Mortar, and that you sign off on the property management agreement it sent you last week.

As for Mr Brown, we recognize that many of you have had long term relationships with him. We expect this news has shocked and saddened you, as it did Eyal. Bad things can happen to good people.

Brick and Mortar truly desires to earn the right to keep your business. It has set up safety protocols that ensure no two owner's bank accounts are commingled. Each owner has a separate bank account at Brick and Mortar. Each owner has the ability to sign in online to their bank account, 24 / 7 / 365, to look for him/herself at what funds are where, and in what amount.

At Brick and Mortar, transparency is paramount. So is your trust.

Eyal Katz, and all the staff at Brick and Mortar want the chance to earn that trust.

If you have any questions, you may direct them to me, or to Eyal Katz. As litigation has now commenced between Brick and Mortar and Mr Brown, both of us will very likely be limited in what we can say, but we will do what we can to answer your questions as directly and forthrightly as possible.

Regards,

HANSON LAW FIRM

Christopher Hanson

for, and with,

BRICK AND MORTAR REAL ESTATE SERVICES, INC

Eyal Katz

EXHIBIT 5-3